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**ANNUAL AUDITED REPORT  
FORM X-17A-5 /A  
PART III**

SEC FILE NUMBER
<b>8-65351</b>

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2018 AND ENDING DECEMBER 31, 2018  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER DEALER: **CIM SECURITIES, LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**6898 S UNIVERSITY BLVD, SUITE 270**

(No. and Street)

**CENTENNIAL**

(City)

**CO**

(State)

**80122**

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**CYNTHIA JENKINS**

**952-270-5052**

(Area Code - Telephone No.)

**B. ACCOUNTANT DESIGNATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**OHAB AND COMPANY, PA**

(Name - if individual, state last, first, middle name)

**100 E. SYBELIA AVENUE, SUITE 130, MAITLAND**

(Address and City)

**FLORIDA**

(State)

**32751**

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its Possessions

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\*Claims for exemption from the requirement that the annual audit be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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## OATH OR AFFIRMATION

I, CYNTHIA JENKINS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm or CIM SECURITIES, LLC, as of DECEMBER 31, 2018 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

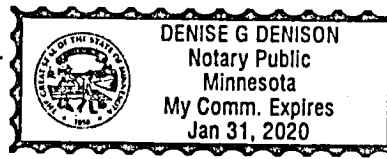
\_\_\_\_\_

Cynthia Jenkins  
Signature

PRINCIPAL FINANCIAL OFFICER

Title

Denise G. Denison  
Public Notary



This report\*\* contains (check all applicable boxes);

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-1.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**CIM SECURITIES, LLC  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Ohab and Company, P.A.**

100 E. Sybelia Ave. Suite 130  
Maitland, FL 32751

Certified Public Accountants  
Email: [pam@ohabco.com](mailto:pam@ohabco.com)

Telephone 407-740-7311  
Fax 407-740-6441

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Member's  
of CIM Securities, LLC

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of CIM Securities, LLC as of December 31, 2018, and the related notes (collectively referred to as the financial statement). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of CIM Securities, LLC as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of CIM Securities, LLC's management. Our responsibility is to express an opinion on CIM Securities, LLC's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to CIM Securities, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Ohab and Company, P.A.*

We have served as CIM Securities, LLC's auditor since 2015.

Maitland, Florida

March 30, 2019

**CIM SECURITIES, LLC**  
**FINANCIAL STATEMENT**  
**DECEMBER 31, 2018**

**CIM SECURITIES, LLC  
STATEMENT OF FINANCIAL CONDITION  
AS OF DECEMBER 31, 2018**

**ASSETS**

**Assets**

Cash and cash equivalents	\$ 68,062
Clearing deposit	253,088
Commissions receivable	5,943
Concessions receivable	83,366
Fees receivable	7,500
Receivable from related party	90,000
Prepaid expenses	<u>33,874</u>
<b>Total assets</b>	<b><u>\$ 541,833</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities**

Accounts payable	\$ 34,516
Accrued expenses - related party	75,692
Commissions payable	134,519
Deferred revenue	<u>7,500</u>
<b>Total liabilities</b>	<b>252,227</b>

**Member's Equity**

Member's equity	<u>\$ 289,606</u>
<b>Total liabilities and member's equity</b>	<b><u>\$ 541,833</u></b>

*The accompanying notes are an integral part of these financial statements*

## **CIM SECURITIES, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

#### ***NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

##### **Organization and business**

CIM Securities, LLC (the "Company") was formed on April 1, 2002, pursuant to the laws of the State of Colorado. The Company is a broker-dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority, Inc. CIM Securities, LLC is a wholly owned subsidiary of Choice Investment Management LLC (the "Parent"). The Company is engaged in investment banking for which it raises funding for private placements as well as placement of public securities for which it receives a fee. Additionally, the Company receives commission from securities transactions as well as mutual fund, 12b-1 fees, and variable annuity trails. The Company supervises a New York City office of independent registered representatives, which is a registered OSJ and does business under the name Brookline Capital Markets, LLC ("BCM" or "branch office").

##### **Cash and Cash Equivalent**

For purposes of reporting cash flows, the company considers cash and operating bank accounts, cash on hand, demand deposits, and highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents.

##### **Revenue Recognition**

Investment banking fees are substantially composed of underwriting and advisory revenues. Such fees are recognized when the terms of the contractual agreement is completed, which is typically at the closing of a transaction. Reimbursed expenses related to these transactions are recorded as revenue and are included within investment banking fees. Fee arrangements for advisory contracts are agreed upon in advance and the fees are received monthly and are recognized as revenue at the time as they relate specifically to the services provided in that period. Commissions received from the sale of mutual funds, variable annuities, and insurance products are recognized at the time the associated service is fulfilled, including the investment company receiving the application which is based on trade date. Brokerage commissions for executing transactions on an exchange or over-the-counter markets are recognized as revenue at the point in time the associated service is fulfilled which is based on the trade date. Revenue is recognized in accordance with the FASB ASC Topic 606 as services are rendered and the contracts identified performance obligation has been satisfied.

##### **Agreement with clearing broker**

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a

## **CIM SECURITIES, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the "Act"). It also performs all services customarily incident thereto, including the preparation and distribution of customers' confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Income taxes**

The Company is recognized as a limited liability company by the Internal Revenue Service. The Company's member is liable for federal and state income taxes on its taxable income.

The Company is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any tax related appeals or litigation processes, based on the technical merits of the position. The Company files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states. The Company is not subject to income tax return examinations by major taxing authorities for years before 2015. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in the Company recording a tax liability that reduces net assets. However, the Company's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Company recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in income taxes payable, if assessed. No interest expense or penalties have been recognized as of and for the year ended December 31, 2018.

#### **NOTE 2 - NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2018, the Company had net capital and net capital requirements of \$153,472 and \$100,000, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was 1.64 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.



## **CIM SECURITIES, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 3 - RELATED PARTY TRANSACTIONS**

Pursuant to the OSJ Agreement with BCM, the Company pays out revenue to the branch office according to a schedule based on total net commissions generated by the office which is included in the expense account labeled "Commission sharing NY OSJ." According to the Agreement the branch office is responsible for their own expenses such as rent, utilities, supplies, representative commissions, and all state, local, and other taxes. In accordance with the Agreement the Company can pay out commissions directly to registered representatives as directed by BCM. The Company paid registered representatives of the branch office directly in amount of \$2,822,013 for the year ending December 31, 2018. This amount reduces the revenue payout due to the office. The branch office was due \$75,692 at December 31, 2018, which is included as a liability.

#### **NOTE 4 - LEASE AGREEMENT**

Commencing November 1, 2016 the Company leased an office facility from an unrelated party under a noncancellable operating lease, which expires October 31, 2019. The lease calls for monthly payment of \$1,500 through the term of the lease for suite 270. The total rent expense incurred for the lease with the unrelated party for the year ended December 31, 2018 was \$18,000. An addendum for additional office space suite 230 was added as of January 1, 2019 for a monthly rate of \$500 paid on a month to month basis.

Minimum lease payments under the lease are as follow:

<b>Period</b>	<b>Amount</b>
10 Month Ended October 31, 2019	\$20,000.00

#### **NOTE 5 - FINANCIAL INSTRUMENTS, OFF-BALANCE SHEET RISK AND CONTINGENCIES**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event that counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

The Company bears the risk of financial failure by its clearing broker. If the clearing broker should cease doing business, the Company's receivable from this clearing broker could be subject to forfeiture.

The Company's financial instruments, including cash, receivables, payables, other assets and accrued expenses are carried at amounts that approximate fair value due to the short-term nature of those instruments.

## **CIM SECURITIES, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

#### ***NOTE 6 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS***

On January 1, 2018, the Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASC 606") using the modified retrospective method of adoption. ASC 606 created a single framework for recognizing revenue from contracts with customers that fall within its scope. Under ASC 606, revenue is recognized upon satisfaction of performance obligations by transferring control over goods or services to a customer. The adoption of ASC 606 did not result in any changes to beginning retained earnings for the year ended December 31, 2018 or net income for the preceding year-end.

In February 2016, the FASB issued ASU 2016-2, Leases – (Topic 842). ASU 2016-02 will require the recognition of lease assets and lease liabilities on the balance sheet related to the rights and obligations created by lease agreements, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. Early application is permitted. The Company has not evaluated the impact this new standard will have on its financial position and results of operations.

#### ***NOTE 7 - COMMITMENTS AND CONTINGENCIES***

On November 1, 2018 and November 16, 2018 the Company became the subject of two arbitration claims from other broker-dealers representing the Company failed to accept delivery and pay for shares in an IPO underwriting. The claims are for \$109,069.50 and \$120,000 respectively. The Company is vigorously contesting both of these claims based on the Company's interpretation of their allocation in the issues. As the Company is unable to form a judgment at this time (an unfavorable outcome is either "probable" or "remote") and unable to estimate the range of any possible loss, therefore an accrual has not been recorded.

The Company has no other commitments or contingencies at December 31, 2018 that could affect the financial statements.

#### ***NOTE 8 - SUBSEQUENT EVENTS***

The Company has performed an evaluation of subsequent events through the date the financial statements were issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.